

WASHINGTON, D.C. - Today, in response to confusing statements issued by the President and his Administration officials on plans for Troubled Asset Relief Program (TARP) repayments, Congressman Kevin McCarthy and other members of Congress sent a letter to President Obama to clarify what will be done with those repayments. In the letter, McCarthy and his colleagues also urge the President to use those repaid TARP funds to directly pay down the record national debt, rather than having Treasury recycle these TARP funds as a revolving fund for more bailout spending.

Congressman McCarthy issued the following statement:

"We are hoping to provide the American people with clarity as the President says one thing and his Administration officials say another. That is why my colleagues and I sent this simple letter that simply asks – will TARP repayments pay down the debt or finance more bailouts? As spending and borrowing reach record levels, my colleagues and I urge common sense to prevail by using repaid TARP money to pay down the burdening debt as opposed to financing more bailouts that would leave our children and grandchildren with the bill."

Congressman McCarthy introduced H.R. 2119 earlier in April to ensure that repaid TARP funds pay off the taxpayer first by directly paying down our national debt. If enacted, the bill would also ensure that each time a financial institution makes a repayment of TARP funds, the amount of purchase authority provided under TARP is reduced by a corresponding amount so that Treasury cannot recycle that money for other uses.

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Related:

Letter to President Obama (below)

H.R. 2119 text

Dear Mr. President:

We were pleased to read Treasury Secretary Geithner's announcement Tuesday that some recipients of funds from the Troubled Asset Relief Program (TARP) are being allowed to repay those funds.

We remain confused, however, about what the Administration will be doing with those repaid funds. On Tuesday, in remarks at the White House, you said "as this money is returned, we'll see our national debt lessened by \$68 billion." However, George Madison, nominee to be counsel to the Treasury Department, said during his confirmation hearing last week that "when there are repayments on TARP investments, that creates more headroom under that \$700 billion cap that allows for additional investments to be made." Additionally, the Treasury Department's official announcement included the following unclear language: "Under the Emergency Economic Stabilization Act, proceeds from repayment will be applied to Treasury's general account. These repayments help to reduce Treasury's borrowing and national debt. The repayments also increase Treasury's cushion to respond to any future financial instability that might otherwise jeopardize economic recovery."

We look to you to provide clarity on this \$68 billion question. As supporters of legislation to ensure that these TARP repayments pay down our enormous national debt and not be recycled by Treasury for other uses, we strongly urge that all such funds be immediately used to pay down the national debt and help restore lost confidence among American taxpayers.